

Message Text

LIMITED OFFICIAL USE

PAGE 01 ROME 19109 221912Z

65

ACTION SS-14

INFO OCT-01 ISO-00 SSO-00 EB-03 EUR-08 SP-02 TRSE-00

NSCE-00 NSC-05 FRB-01 CIAE-00 ONY-00 /034 W

----- 076170

O 221900Z NOV 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 1350

LIMITED OFFICIAL USE ROME 19109

LIMDIS - DISTRIBUTE TO S,D,E,P,C,EB,EUR,S/P, TREASURY

NSC AND FRB ONLY

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: ECONOMIC SITREP NO. 16, MONDAY, NOVEMBER 22

REF: ROME 18988

1. SUMMARY. UPROAR RAISED BY GOI'S AMENDMENT TO PARTIAL FREEZE OF WAGE INDEXATION ESCALATOR HAS SPREAD TO MINISTERS THEMSELVES AND MAY RESULT IN NEW AMENDMENTS. COST OF LIVING INDEX FOR OCTOBER SHOWS 3.4 PERCENT INCREASE OVER SEPTEMBER. LIRA STILL STEADY WITH VOLUME CONTINUING AT NEAR NORMAL LEVELS. END SUMMARY.

2. WAGE INDEXATION PARTIAL FREEZE AMENDMENT CONTROVERSY. GOVERNMENT'S AMENDMENT TO PARTIAL FREEZE ON WAGE INDEXATION ESCALATOR EXTENDING IT TO ALL WAGE INCREASES WITHIN THE SAME CEILINGS HAS COME UNDER ATTACK NOT ONLY BY VARIOUS OFFICERS OF THE UNIONS CONFEDERATIONS BUT BY MINISTERS OF THE GOVERNMENT AS WELL. PRESS SPECULATED OVER WEEKEND THEREFORE THAT NEW AMENDMENTS WILL BE PRESENTED AFTER NOVEMBER 23 MEETING OF COUNCIL OF MINISTERS. MOST WIDELY ACCEPTED ASSUMPTION IS THAT NEGOTIATED WAGE INCREASES AND PROMOTIONS AT LEAST WILL BE EXCLUDED FROM FREEZE. SOME OTHER ADJUSTMENTS MENTIONED ARE ADJUSTING CEILINGS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ROME 19109 221912Z

UPWARD, (PERHAPS BY USING NET INCOME FIGURES OF 6 AND 8

MILLION LIRE PER YEAR), FREEZING ONLY 50 PERCENT OF
COST-OF-LIVING ESCALATOR INCREASES ON ALL INCOMES ABOVE
6 MILLION RANGE, AND ADOPTING MOVEABLE CEILINGS TO PREVENT
LOWER INCOMES FROM MOVING AUTOMATICALLY INTO FREEZE BRACKETS.

3. ECONOMIC INDICATORS. COST OF LIVING INDEX FOR OCTOBER
RELEASED NOVEMBER 20 SHOWS A 3.4 PERCENT INCREASE OVER
THE PREVIOUS MONTH AND A 19.9 PERCENT INCREASE OVER
THE SAME MONTH A YEAR AGO.

4. FOREIGN EXCHANGE MARKET. ON MONDAY, NOVEMBER 22,
LIRA NEARLY UNCHANGED AT 865.275 FROM THE PREVIOUS FIDAY'S
RATE OF 865.35 WITH A SLIGHTLY LOWER VOLUME. BEAUDRY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, ECONOMIC CONDITIONS, FINANCIAL TRENDS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 NOV 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ROME19109
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760434-0796
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761126/aaaaavre.tel
Line Count: 74
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: LIMDIS, ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: LIMDIS
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: LIMDIS; LIMDIS, ONLY
Reference: 76 ROME 18988
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 10 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 MAY 2004 by BoyleJA>; APPROVED <11 MAY 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC SITREP NO. 16, MONDAY, NOVEMBER 22
TAGS: EFIN, IT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006